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OLIVER W. GUSHEE, JR.
F. ALAN FLETCHER
THOMAS W. BACHTELL
A. JOHN DAVIS, III
FREDERICK M. MACDONALD
STEVEN PAUL ROWE

LAW OFFICES
PRUITT, GUSHEE & FLETCHER
SUITE 1850 BENEFICIAL LIFE TOWER
SALT LAKE CITY, UTAH 84111
(801) 531-8446

RECEIVED
OCT 20 1989

DIVISION OF
OIL, GAS & MINING

OF COUNSEL
BRENT A. BOHMAN

Mine file
L.P. Braxton
D.R. Nelson
D.W. Hedberg. *

TELECOPIER (801) 531-8468

October 17, 1989

* Wayne please ask Holland
To check the forms as submitted
here. Is everything in order?
Pl. Advise LRB 10/20

Mr. Lowell Braxton
Associate Director
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: M/019/005 Cane Creek Mine Operation,
Grand County, Utah

Dear Lowell:

In accordance with our telephone conversation on Thursday, October 12, 1989, I have prepared and enclose for your review and comments drafts of the following items:

- (a) Reclamation Contract to which all of the surety agreements referred to will be attached as exhibits.
- (b) Self Bonding and Indemnity Agreement.
- (c) Certificate of Resolutions and Incumbency relating to the authority of the party who executes documents on behalf of Moab Salt, Inc.

Out of necessity, all of the forms have been edited to some degree from those attached to current regulations. In that respect, DOGM Rule R613-001-105. Forms. reads as follows:

"The attached forms are intended for the convenience of the Operator and the Division and may be changed from time to time. The forms are not part of these rules and use of a particular form, though encouraged, is not required, as long as all of the necessary information is provided in a reasonable manner."

The Self Bonding and Indemnity Agreement contains the stipulations we discussed: the ten (10) year term; the obligation of Moab Salt, Inc. to furnish an annual audited financial statement for Texasgulf Inc., the Guarantor; and the requirement to substitute an alternate bond in the event that the financial status of the Guarantor, Texasgulf Inc., falls below the self bonding qualification requirements. It also contains changes similar to those made

Mr. Lowell Braxton
October 17, 1989
Page 2

by other operators (i.e. Barrick, for instance) in executing self bonding agreements.

Please let me have the Division's comments as soon as possible so that we may reconcile our language differences and I can proceed to obtain execution and timely file the documents for the December 7, 1989 scheduled briefing session of the Board.

Very truly yours,


O. W. Gushee, Jr.

OWG:jh
cc: Gene McGuire
Rick York/Alan Tapp
0598.05
Enclosures

RECEIVED
OCT 20 1989

DRAFT

FORM MR-RC

Revised 2/17/89

RECLAMATION CONTRACT

DIVISION OF
OIL, GAS & MINING

File Number _____

Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI):

(File No.)	M/019/005
(Mineral Mined)	potash (KCl) and salt (NaCl)

"MINE LOCATION":

(Name of Mine)	Cane Creek
(Description)	Grand County, Utah

"DISTURBED AREA":

(Disturbed Acres)	4280.00
(Legal Description)	Exhibit A

"OPERATOR":

(Company or Name)	Moab Salt, Inc.
(Address)	P.O. Box 1208 Moab, Utah 84532
(Phone No.)	(801) 259-7171

"OPERATOR'S REGISTERED AGENT":

(Name)	CT Corporation Systems
(Address)	50 West Broadway, 8th Floor Salt Lake City, Utah 84101
(Phone No.)	(801) 364-1228

"OPERATOR'S OFFICER(S)":

David C. Edmiston
Chairman of the Board

"SURETY":

(Form of Surety - Exhibit B)	Self Bonding and Indemnity Agreement, and St. Paul Fire and Maine Insurance Co. Bonds:
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"SURETY COMPANY":

(Name, Policy or Acct. No.)	(a) St. Paul Fire and Maine Insurance Co. Corporate Surety Bond No. 400EW5811 (b) St. Paul Fire and Maine Insurance Co. Statewide Mineral Lease Bond No. 400DT5157. (c) St. Paul Fire and Maine Insurance Statewide Mineral Lease Bond No. 400HY1232
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"SURETY AMOUNT":

(Escalated Dollars)	\$9,700,000
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"ESCALATION YEAR"

1994

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/019/005 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount acceptable to Operator and approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to Operator and approved by the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified in accordance with the Act and implementing regulations.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining operations to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.

7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of the obligations heretofore, Operator agrees to pay all costs and expenses, including attorneys fees and costs generated by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division after notice and hearing, result in an order to cease mining operations. Also, after opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this _____ day of _____, 1989.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By _____
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Director Date _____

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19____, personally appeared before me, who being by me duly sworn did say that he/she, the said _____ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

NOTARY PUBLIC
Residing at: _____

My Commission Expires: _____

OPERATOR:

By _____
Corporate Officer - Position Date _____

STATE OF _____)
COUNTY OF _____) ss.

On the _____ day of _____, 19____, personally appeared before me _____ who being by me duly sworn did say that he/she, the said _____ is the _____ of _____ and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said company executed the same.

NOTARY PUBLIC
Residing at: _____

My Commission Expires: _____

EXHIBIT A

T. 26S., R. 20E., SLM

Sec. 22: $SE\frac{1}{4}SE\frac{1}{4}$;

Sec. 23: $SW\frac{1}{4}SW\frac{1}{4}$;

Sec. 24: $SE\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$, $NE\frac{1}{4}NW\frac{1}{4}$, $NW\frac{1}{4}NE\frac{1}{4}$;

Sec. 25: All;

Sec. 26: All;

Sec. 27: $SE\frac{1}{4}NE\frac{1}{4}$, $NE\frac{1}{4}SE\frac{1}{4}$;

Sec. 34: $SE\frac{1}{4}SE\frac{1}{4}$;

Sec. 35: All;

Sec. 36: All;

T. 26S., R. 21E., SLM

Sec. 30: $W\frac{1}{2}NE\frac{1}{4}$;

T. 27S., R. 20E., SLM

Sec. 1: $N\frac{1}{2}NE\frac{1}{4}$, $SW\frac{1}{4}$, $N\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}NW\frac{1}{4}$;

Sec. 2: $E\frac{1}{2}$, $E\frac{1}{2}NW\frac{1}{4}$;

Sec. 11: $NE\frac{1}{4}$;

Sec. 12: $N\frac{1}{2}SW\frac{1}{4}$, $NW\frac{1}{4}$;

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement (hereinafter referred to as "Agreement") entered into by MOAB SALT, INC. and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining (hereinafter referred to as "Board"),

WITNESSETH

WHEREAS, Moab Salt, Inc. has obtained Permit No. M/019/005 from the Division of Oil, Gas and Mining to operate the Cane Creek Mine ("Mine") in Grand County, Utah under the Mined Land Reclamation Act, Utah Code Annotated, 40-8-1 et seq, 1953, as amended, ("Act") and implementing regulations; on the premises specifically described in EXHIBIT A; and

WHEREAS, Moab Salt, Inc. wishes to obtain a bond to operate the Mine under Permit No. M/019/005 under 40-8-14(3); and

WHEREAS, Moab Salt, Inc. has designated CT Corporation Systems, 50 West Broadway, 8th Floor, Salt Lake City, Utah 84101, as its agent for Service of Process in the state of Utah, and

WHEREAS, Moab Salt, Inc.'s Guarantor, Texasgulf Inc., has been in continuous operation as a business entity for the last five years; and

WHEREAS, Texasgulf Inc. meets financial criteria for self bonding (as shown in the attached financial sheet); and

WHEREAS, Texasgulf Inc. has submitted to the Division of Oil, Gas and Mining and the Board financial statements in the form of audit opinions prepared by Ernst & Whinney, accountants, for calendar years 1987 and 1988.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Moab Salt, Inc. does hereby agree to be held and bonds to the Board for the sum of \$9,625,000.00 (1994 dollars) for the timely performance of reclamation responsibilities for Cane Creek Mine, Permit No. M/019/005, in lawful money of the United States. By the submission of this Agreement, Moab Salt, Inc. will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. Moab Salt, Inc. shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Act, the regulations adopted pursuant to the Act and the conditions of the permit to conduct mining operations under Permit No. M/019/005 issued by the Division.
2. The liability under the Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for Permit No. M/019/005 for a period of time and in the manner specified in the Act, regulations adopted pursuant thereto, and the conditions set forth in Permit No. M/019/005 issued by the Division. At no time shall the liability or responsibility of Moab

Salt, Inc. hereunder exceed the sum of \$9,625,000.00 (1994 dollars). Provided, however, that the Board may adjust the amount of liability hereunder as provided in Section 6 hereof.

3. Moab Salt, Inc. does hereby agree to indemnify and hold the Board harmless from any claim, demand, liability costs, charge or suit brought by a third party, as a result of Moab Salt, Inc.'s failure to abide by the terms and conditions of the Reclamation Plan as set forth in Permit No. M/019/005 and from any failure to comply with the terms of the Agreement.
4. The Board shall give Moab Salt, Inc., or its designated agent herein, notice of any claim and any legal proceedings within the scope of the indemnity set forth at Section 3.
5. Upon successful completion of part or all of the obligations secured hereby, Moab Salt, Inc. may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division of Oil, Gas and Mining shall timely conduct an inspection to ascertain whether duties and obligations of Moab Salt, Inc. under the Act, regulations adopted pursuant thereto and Permit No. M/019/005 have been fulfilled. If such duties and obligations have been fulfilled, the Board shall release Moab Salt, Inc. from part or all of its obligations under this Agreement and

shall file a notice of such release in the property records of Grand County, Utah.

6. This Agreement shall be reviewed periodically by the Division of Oil, Gas and Mining, or reviewed upon petition by Moab Salt, Inc. in accordance with the Act and implementing regulations and the amount of liability under this Agreement may be adjusted if it is clearly established that the cost of future reclamation has materially changed.
7. The term of this Agreement is ten (10) years; provided, however, in the absence of written notice of termination by either party not less than ninety (90) days prior to the termination date, this Agreement shall be deemed extended for one (1) year and from year to year thereafter, subject to the same notice provision. This Agreement is further subject to the following conditions:
 - (a) Upon the occurrence of the above described written notification of termination, Moab Salt, Inc. shall within ninety (90) days either reach agreement with the Board on a new self bond or obtain an alternate form of bond to secure reclamation obligations for Permit No. M/019/005 in the same amount as stated herein and amendments thereto.
 - (b) Moab Salt, Inc. agrees to provide the Division of Oil, Gas & Mining and the Board with an annual financial statement for Texasgulf Inc. in the form

of an audit opinion prepared by a certified public accountant for the calendar year prior to the date on which the audit opinion is furnished.

- (c) In the event that an audit opinion reflects that Texasgulf Inc. is no longer in compliance with the financial statutory and regulatory requirements existing as of the date of this Agreement for self bonding or at any time Moab Salt, Inc. should become aware that Texasgulf Inc. is no longer in compliance with the financial statutory and regulatory requirements existing as of the date of this Agreement for self bonding, then written notice shall be furnished to the Board and, within ninety (90) days from the date of such notice, Moab Salt, Inc. shall obtain an alternate form of bond to secure reclamation obligations for Permit No. M/019/005 in the same amount as stated herein and amendments thereto.

8. This Agreement will be governed and interpreted according to the laws of the State of Utah.

SO AGREED this _____ day of September, 1989.

MOAB SALT, INC.

Date

By _____
Corporate Officer - Position

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 1989, personally appeared before me _____ who being by me duly sworn did say that he/she, the said _____ is the _____ of Moab Salt, Inc. and said instrument was signed in behalf of said corporation by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said corporation executed the same.

Notary Public
Residing at: _____

My Commission Expires:

G U A R A N T Y

For and in consideration of the execution by the Board of the foregoing Self Bonding and Indemnity Agreement, the undersigned, Texasgulf Inc., hereby unconditionally guaranties to the Board, its successors and assigns, the full, prompt and faithful performance and discharge by Moab Salt, Inc. of each of the agreements, provisions, and conditions set forth in the foregoing Self Bonding and Indemnity Agreement or in any writing thereto attached, or in any other written instrument executed by Moab Salt, Inc. to carry out the provisions of said Self Bonding and Indemnity Agreement.

TEXASGULF INC.

By _____

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 1989, personally appeared before me _____ who being by me duly sworn did say that he/she, the said _____ is the _____ of Texasgulf Inc. and said instrument was signed in behalf of said corporation by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said corporation executed the same.

Notary Public
Residing at: _____

My Commission Expires:

Chairman
Board of Oil, Gas and Mining

Date

By _____
Gregory P. Williams

APPROVED AS TO FORM:

Assistant Attorney General

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19____, personally appeared before me Gregory P. Williams, Esq., who being by me duly sworn did say for him, that he, the said Gregory P. Williams is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and he duly acknowledged to me that said Board executed the foregoing document by authority of law on behalf of the state of Utah.

Notary Public
Residing at: _____

My Commission Expires:

EXHIBIT A

T. 26S., R. 20E., SLM

Sec. 22: $SE\frac{1}{4}SE\frac{1}{4}$;

Sec. 23: $SW\frac{1}{4}SW\frac{1}{4}$;

Sec. 24: $SE\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$, $NE\frac{1}{4}NW\frac{1}{4}$, $NW\frac{1}{4}NE\frac{1}{4}$;

Sec. 25: All;

Sec. 26: All;

Sec. 27: $SE\frac{1}{4}NE\frac{1}{4}$, $NE\frac{1}{4}SE\frac{1}{4}$;

Sec. 34: $SE\frac{1}{4}SE\frac{1}{4}$;

Sec. 35: All;

Sec. 36: All;

T. 26S., R. 21E., SLM

Sec. 30: $W\frac{1}{2}NE\frac{1}{4}$;

T. 27S., R. 20E., SLM

Sec. 1: $N\frac{1}{2}NE\frac{1}{4}$, $SW\frac{1}{4}$, $N\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}NW\frac{1}{4}$;

Sec. 2: $E\frac{1}{2}$, $E\frac{1}{2}NW\frac{1}{4}$;

Sec. 11: $NE\frac{1}{4}$;

Sec. 12: $N\frac{1}{2}SW\frac{1}{4}$, $NW\frac{1}{4}$;

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

My Commission Expires: